

**BROODER AGREEMENT
NASHVILLE, NORTH CAROLINA**

This AGREEMENT, made this ____ day of _____, 2000, between PERDUE FARMS INCORPORATED, a Maryland corporation, of Salisbury, Maryland, hereafter referred to as PERDUE, and _____, hereafter referred to as PRODUCER.

In consideration of the mutual promises of PERDUE and PRODUCER, it is agreed as follows:

I. PERDUE AGREES:

- A. To consign as available flocks of day-old pullets and cockerels to PRODUCER to raise for PERDUE.
- B. To provide and deliver to PRODUCER or arrange for the provision and delivery to PRODUCER, feed, litter, medications, vaccinations, fuel and other supplies which are necessary for care of the cockerels and pullets hereby consigned to PRODUCER.
- C. To provide PRODUCER with an accounting of cockerels and pullets consigned and supplies provided under the terms of this Agreement.
- D. To compensate PRODUCER for services rendered herein as provided for in the attached "Producer Payment Schedule."

II. PRODUCER AGREES:

- A. To accept the cockerels and pullets hereby consigned, and to raise the cockerels and pullets hereby consigned until removed from PRODUCER'S farm.
- B. To provide housing, equipment, supplies to maintain equipment and housing, utilities and labor to raise the cockerels and pullets consigned hereby.
- C. To maintain the housing and equipment occupied and used by the cockerels and pullets consigned hereby, in a state of good repair and operable condition.
- D. To provide properly maintained roads free of surface or overhead obstructions from the nearest county or state maintained road to and around PRODUCER'S poultry house(s) and to assume responsibility for all costs incurred if roads are not maintained properly or free of obstructions.

- E. To provide an alarm system, to monitor electrical power failure and abnormal temperature levels within the poultry house(s) and to maintain the alarm system in operable condition at all times.
- F. To provide for prompt and proper disposal of all cull poultry and dead poultry resulting from normal mortalities and/or catastrophic loss in a manner meeting the requirements of federal, state, and local regulations and codes.
- G. To be in compliance with all local, state and federal litter management regulations.
- H. To be present during any handling of birds such as for vaccinations, injections, blood testing, and moving; to be present or represented when pullets and cockerels are delivered; to be present during the catching and movement of the flock; and to be responsible for the raising or moving of equipment ahead of the catching crew to insure the proper care of PRODUCER'S equipment.
- I. To keep no swine, other fowl, wild birds, exotic or domestic pet birds, caged or free running on the premises.
- J. To secure the poultry house(s) and feed room(s) to prohibit the entrance of unauthorized persons or wild and domestic animals and to maintain a log of all visitors to the poultry house(s).
- K. To insure that all hired labor or other entrants to the poultry house(s) follow proper biosecurity procedures and have no contact with other fowl, wild birds, exotic or domestic pet birds.
- L. To prepare the poultry house(s) and feed room(s) for placement of the cockerels and pullets hereby consigned.
- M. To keep necessary records, including, but not limited to, daily mortality, daily feed intake, and other records necessary for the efficient and proper care of the flock.
- N. To notify PERDUE immediately if any cockerels or pullets, for any reason, do not develop normally, or if there is any disease or parasitism noticeable within the flock, or if any situation exists which would have an adverse effect on the health or well-being of the flock, or any part of the flock.
- O. To pay PERDUE for supplies used in excess of usage programs when such excess usage is caused by improper management practices of the PRODUCER. Payment shall offset the amounts due PRODUCER.
- P. To sell or use any part of a flock only after written agreement is reached between PERDUE and PRODUCER regarding any such sale.

- Q. To participate as a Peer Review Committee member, as described below in the Complaint Resolution Procedure, to resolve disputes regarding payments pursuant to brooding of the pullets and cockerels and/or rate of lay involving PERDUE producers situated in close geographical proximity to PRODUCER.

III. PRODUCER'S INDEPENDENT CONTRACTOR STATUS:

- A. This is a service contract, not a contract of employment, and PERDUE and PRODUCER are each independent contractors. Neither party, nor their agents or employees, shall be considered to be the employees of the other for any purpose whatsoever.
- B. PRODUCER is exclusively responsible for the performance of PRODUCER'S obligations under this Agreement. The employment, compensation, and supervision of any persons by PRODUCER in the performance of such obligations is a matter of PRODUCER'S sole discretion and responsibility.
- C. PRODUCER accepts full and exclusive liability for payment of any and all applicable local, state and federal taxes, taxes for workers' compensation insurance, unemployment compensation insurance, or old age benefits or annuities now or hereafter imposed by any governmental agency, as to PRODUCER and all persons as PRODUCER may engage in the performance of this Agreement. Said taxes shall be paid directly by PRODUCER and shall not be chargeable to PERDUE. PRODUCER agrees to hold PERDUE harmless from any liability with respect to any such taxes or other charges.
- D. PRODUCER'S obligations hereunder are for purposes of providing services with respect to PERDUE'S poultry stock. Title to each flock shall remain in PERDUE. PRODUCER shall not permit any lien, distraint, levy, or any other impairment to PERDUE'S title to the flock or flocks placed hereunder.

IV. MISCELLANEOUS TERMS:

- A. PRODUCER warrants that PRODUCER is the owner of the land, buildings, and equipment utilized in the performance of this Agreement, or that PRODUCER is in legal possession of said property and has the right and authority to use the same for the purposes of this Agreement.
- B. PERDUE may enter upon the premises of the PRODUCER where the flock is or shall be located to inspect the flock or facilities. If PRODUCER is not satisfactorily performing PRODUCER'S obligation under the Agreement to care for, treat and maintain the flock, or do such other thing or things with reference to the flock as outlined by PERDUE'S established procedures, PERDUE may remove the flock, or may undertake the maintenance, treatment, feeding, and care of the

flock on the PRODUCER'S property, and PRODUCER shall assume the costs for any necessary disbursements.

- C. Unless otherwise expressed in this Agreement, PERDUE and PRODUCER shall not be held responsible for damages to the other caused by supplies provided or delay or failure to perform hereunder when the delay or failure is due to fires, strikes, acts of God, legal acts of public authorities, or delays or defaults due to labor, feed or fuel shortages, which are due to a natural disaster (including, but not limited to, fire, flood, windstorm, or hailstorm) which cannot be reasonably forecasted or protected against.
- D. PERDUE shall have the right to sell, move, or otherwise dispose of each flock consigned under this Agreement at any time or times it deems best, without any liens, distraint proceedings, or charges whatsoever of creditors of PRODUCER.
- E. In the event this contract is terminated by either PERDUE or PRODUCER, all amounts owing to PERDUE or PRODUCER will be payable immediately, or shall be paid as otherwise described in this Agreement.
- F. For the convenience of not having to initiate a new Agreement after each flock, this Agreement shall be continuous until the Agreement is terminated by either PERDUE or PRODUCER.
- *G. This Agreement may be terminated by either party at any time by written notice to the other in the event of any material default by the other party. Any such termination shall not relieve the defaulting party of any liability to the other on account of any default hereunder occurring prior to termination. Either party may terminate this Agreement at any time for any reason by giving written notice to the other party no later than six weeks prior to the movement of the pullets and cockerels from PRODUCER'S farm.
- H. Notwithstanding any other provision of this Agreement, the amounts due PRODUCER hereunder shall be the amounts calculated pursuant to the other provisions of this Agreement reduced by any and all amounts paid or advanced by PERDUE, at any time, to or on behalf of PRODUCER, and further reduced by any amounts chargeable to PRODUCER hereunder or owing from PRODUCER to PERDUE. Adjustments necessary because of such payments, advances, or amounts shall be made when appropriate.
- I. If any section of this Agreement is found invalid by a court of competent jurisdiction, such section shall be considered eliminated but shall in no way otherwise effect the validity of any other section of this Agreement.

V. COMPLAINT RESOLUTION PROCEDURE:

The purpose of the Complaint Resolution Procedure is to establish an effective mechanism for the fair and equitable resolution of complaints and disputes. The procedures in sections V and VI of this Agreement govern all complaints and disputes between PERDUE and PRODUCER arising out of, as a consequence of, for or by reason of, resulting from, or relating in any way to the formation, execution, performance, termination, revocation, cancellation, or expiration of this Agreement or any provisions thereof, including, but not limited to, all common law and statutory claims.

- Step 1: The PRODUCER shall present his or her complaint to the local PERDUE Flock Supervisor within three (3) working days from the date of the alleged complaint or problem, or within three (3) working days from the date the PRODUCER becomes aware of an alleged complaint or problem, whichever occurs first. If the PERDUE Flock Supervisor cannot immediately solve the problem, (s)he will, in consultation with and advisement from the Area Supervisor and Breeder Manager, respond to PRODUCER'S complaint or problem within five (5) working days.
- Step 2: If a satisfactory result has not been concluded by the procedure followed in Step 1, the PRODUCER shall call the PERDUE Director of Breeder Operations within three (3) working days of the unsatisfactory response to discuss the problem, citing the provision of this Agreement which PRODUCER believes has been violated. Within three (3) working days of contacting the PERDUE Director of Breeder Operations, the PRODUCER shall confirm, in writing, his/her conversation with the Director of Breeder Operations, citing the provision of this Agreement which PRODUCER believes has been violated. The PERDUE Director of Breeder Operations will respond in writing to PRODUCER'S complaint within five (5) working days upon actual receipt of the written complaint.
- Step 3: **For Disputes Regarding Payments Pursuant to Brooding of The Pullets and Cockerels and/or Rate of Lay Only** (Any complaint or problem unrelated to PRODUCER'S payment pursuant to Brooding of The Pullets And Cockerels and/or Rate of Lay shall proceed to section VI.): If a satisfactory result has not been Concluded by the procedure followed in Step 2, all complaints or problems regarding Payment pursuant to Brooding of The Pullets and Cockerels and/or Rate of Lay, and Any documents utilized in support of the payments, will be reviewed by a Peer Review Committee no later than ten (10) working days after the date of PERDUE'S Response under Step 2.

The Peer Review Committee shall consist of four (4) PERDUE producers who are situated in close geographical proximity to the aggrieved PRODUCER, and are not related to the aggrieved PRODUCER or otherwise interested in the finances under this Agreement. The Peer Review Committee members shall include two (2) PERDUE producers chosen by the aggrieved PRODUCER and two (2) PERDUE producers chosen by PERDUE.

The Peer Review Committee shall make a non-binding written recommendation to PERDUE and the PRODUCER which will be distributed to PERDUE and the PRODUCER within three (3) working days of the meeting. PERDUE and the PRODUCER will have five (5) working days to either accept or reject the Committee's recommendation. In the event the Committee does not agree on a recommendation, PERDUE Management will have the discretion to resolve the issue, taking into consideration the interests of both parties. If either PERDUE or the PRODUCER reject the Committee's recommendation or PERDUE Management's resolution, the matter shall be taken up as outlined in section VI below. Neither PERDUE nor the PRODUCER are required to accept the Committee's recommendation or PERDUE Management's resolution.

If agreed upon by PERDUE and the PRODUCER, the resolution of the complaint or dispute shall be reduced to writing and signed by PERDUE and the PRODUCER.

The above steps or procedural time limits provided for in this section may be waived or altered by mutual agreement.

VI. ARBITRATION:

- A. If the complaint or dispute has not been resolved pursuant to the procedures set forth in steps 1 - 3 in section V of this Agreement, or if steps 1 - 3 are not utilized, then the matter shall be submitted to bilateral arbitration exclusively between PERDUE and PRODUCER. In no event will the failure to utilize any or all of the steps in section V of this Agreement constitute a waiver of the mandatory arbitration procedures set forth in section VI of this Agreement. Arbitration shall be conducted by and under the rules of the American Arbitration Association. Multiparty arbitration may be utilized only with the express written consent of both parties.
- B. Any disagreement between PERDUE and PRODUCER over the scope of provision A of section VI of this Agreement shall be resolved in favor of arbitration. Such a resolution shall be reached whether the complaint or dispute arises out of, as a consequence of, for or by reason of, results from, or relates in any way to the formation, execution, performance, termination, revocation, cancellation, or expiration of this Agreement or any provisions thereof, including, but not limited to, all common law and statutory claims.
- C. Three (3) arbitrators uninterested in the finances under this Agreement will be appointed to resolve complaints or disputes pursuant to this provision. PERDUE and the PRODUCER shall each appoint one (1) arbitrator and shall agree on a third, neutral arbitrator. In the event PERDUE and the PRODUCER are unable to agree on the selection of the third arbitrator, (s)he shall be selected by and under the rules of the American Arbitration Association. The arbitration shall be conducted pursuant to the rules set forth in the Annotated Code of Maryland, Courts and Judicial Proceedings Article, Sections 3-201 et. Seq.
- D. The Arbitrators shall give thorough and careful consideration to all information pertaining to the complaint or problem. It shall be the Arbitrators' primary responsibility, where

feasible, to recommend alternative solutions to the problem. Any decision of the Arbitrators shall be presented in writing to PERDUE and the PRODUCER within thirty (30) days.

- E. The decision of the arbitrator shall be final and binding upon both parties hereto. It is agreed that the complaint and arbitration procedures outlined in sections V and VI of this Agreement shall be the final means of resolving all complaints and disputes, irrespective of whether the complaints or disputes arise out of, as a consequence of, for or by reason of, result from, or relate in any way to the formation, execution, performance, termination, revocation, cancellation, or expiration of this Agreement or any provisions thereof, including, but not limited to, all common law and statutory claims.
- F. The expenses of the arbitrator shall be shared equally by the parties. Each party shall make arrangements for, and pay the expenses of, witnesses who are called by them.

This written Agreement constitutes the entire agreement between PERDUE and PRODUCER, and no representations or statements made by either party or their agents not contained herein shall be in any way binding on either party.

This Agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of PERDUE and PRODUCER. This Agreement shall be freely assignable by PERDUE, and shall be assignable by PRODUCER only with PERDUE's prior written consent. IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first above written.

WITNESS:

PERDUE FARMS INCORPORATED

By James A. Perdue (Seal)
James A. Perdue
Chairman

WITNESS:

Producer _____ (Seal)

Producer _____ (Seal)

Date _____